

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF COMMUNITY AFFAIRS**

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To: Potential Applicants

From: CalHome Program, Self-Help Housing Technical Assistance Allocation

Subject: Program Guidelines / Application Process

INTRODUCTION

Since 1979, the Department of Housing and Community Development (HCD) has provided technical assistance grants to local public entities, nonprofit corporations, and limited-equity cooperatives to assist low- and moderate-income households engaged in building their own homes. Technical assistance grants provide sponsors with funds for administrative activities such as construction supervision and training, site and house plan selection, and homeownership training. Statutory authority for the CalHome Program, Self-Help Housing Technical Assistance Allocation (Program) is found in Sections 50690 through 50698 of the Health and Safety Code. Applications are accepted only in response to a Notice of Funding Availability (NOFA). Applications must be submitted using the attached Application as revised on October 17, 2003.

PROGRAM OBJECTIVES

The Program was established in 1978 (originally as California Housing Advisory Service [CHAS] and then, until 2003, referred to as the California Self-Help Housing Program) to encourage private nonprofit organizations and local agencies to utilize their resources and capabilities to stimulate the construction and rehabilitation of affordable housing, in both rural and urban areas, utilizing the self-help concept. The goal is to expand the production of decent and affordable housing and to demonstrate that improved housing conditions, ownership and maintenance are within the financial capabilities of low- and moderate-income households through the cost savings provided by self-help construction.

ELIGIBLE APPLICANTS

An applicant must be a local public entity, nonprofit corporation or a limited-equity housing cooperative engaged in developing, conducting, administering or coordinating assistance programs which will aid eligible households construct or rehabilitate residential units for their own use. No more than twenty percent (20%) of available funding may be awarded to any one applicant. If you are a limited-equity housing cooperative, please contact the Department for additional forms that will be required as part of your application for funding.

ELIGIBLE PROJECTS

A Project means a housing development as defined by Section 50073 of the Health and Safety Code. Technical Assistance Grants may be awarded to eligible applicants for owner-building in an amount that shall not exceed \$300,000.

ELIGIBLE HOUSEHOLDS

Technical assistance grants are to be used to assist low- or moderate-income households that participate in a self-help housing program conducted by an eligible sponsor. An eligible household must have the opportunity to own a residential unit, or must be accepted as a member of the proposed limited-equity housing cooperative.

Eligible households must be capable of providing the self-help labor required by the project's family agreement. Eligible households may not be discriminated against and applicants will be required to comply with the provisions of the Fair Employment Housing Act that will be made a part of the Technical Assistance Standard Agreement.

USE OF FUNDS

The technical assistance grants may be used to provide the assistance, training and supervision on self-help construction activities and techniques. Costs allowable under this NOFA include costs incidentally but directly related to construction, including, but not limited to, planning, engineering, construction management, architectural, and other design work, environmental impact reports and assessments, required mitigation expenses, appraisals, and legal expenses. All grant-funded activities shall be completed within two years from the effective date of the executed Standard Agreement.

Technical assistance grants may not be used for purchase of land, materials, tools, construction equipment or any costs of construction. Please refer to program regulations, Section 7550, for more details.

DEFINITIONS

The following is a partial list of applicable definitions. Please refer to the program regulations, Section 7530 for a more complete list.

- Cooperative housing corporation: a limited-equity housing cooperative as defined in Section 33007.5 of the Health and Safety Code.
- Local public entity: any city, county, redevelopment agency or public housing authority, including any state agency, public district, or other political subdivision of the state, and any instrumentality thereof, which is authorized to engage in, or assist in the development or operation of housing for persons and households of low or moderate income.
- Moderate-, low-, and very low-income household: see Title 25, California Code of

Regulations, Sections 6926, 6928 and 6930.

- Nonprofit housing corporation: means the same as “Nonprofit Corporation,” as defined in Section 50091 of the Health and Safety Code.
- Owner-builder: means any person or family who provides all, or a substantial amount, as determined by the Department, of the labor necessary to build a housing unit that will be the principal residence of that person or family.
- Owner-building: means the process engaged in by owner-builders in the construction of a principal residence.
- Self-help construction: means owner building as defined in Section 50692 of the Health and Safety Code and may include mutual self-help housing as defined in Section 50087 of the Health and Safety Code.
- Sweat-equity: means the cost savings to an assisted unit attributable to the self-help construction. For purposes of this definition, equity means the difference between the fair market value of the property and the total of all outstanding debts secured by the property plus all payments provided by the owner.

ELIGIBILITY CRITERIA AND COMPLETENESS REVIEW

Staff will conduct an eligibility and completeness review. An application deemed to be incomplete or ineligible will be removed from further review. The applicant will be notified in writing of the Department’s determination. The eligibility and completeness review will be based on the minimum threshold criteria set forth below:

Application completeness:

1. Application must be filled out completely on the form provided by HCD, dated October 17, 2003, which must not be modified and must include all tabbed exhibits. No facsimiles will be accepted.
2. Application must bear original signature of person(s) authorizing submittal.
3. The certified resolution must authorize submittal of the application and have the appropriate original signatures.

Applicant eligibility:

1. The applicant must be a local government entity, a nonprofit corporation, a limited-equity housing cooperative corporation, or may be a partnership among any of these entities.
2. All documents attesting to the applicant’s legal status and financial status must be current. A Certificate of Status and Statement of Officers may be obtained by the applicant from the Office of the Secretary of State. This can be a photocopy, but

must have been issues within the last year.

Project eligibility:

1. The units receiving technical assistance under the grant must be affordable to, and ultimately owned by, low- or moderate-income person(s) or households. (Refer to Title 25, California Code of Regulations, Sections 6926, 6928 and 6930 for definitions of income categories.)
2. The units receiving technical assistance under the grant shall use the self-help method of construction.

APPLICATION INSTRUCTIONS

The application must be filled out completely and include all requested information. Please respond to all application guidelines by checking answer boxes where required, furnishing requested information and giving complete narrative answers where appropriate. If necessary, insert additional pages in order to provide complete information. Include all exhibits. A sample resolution has been included with the application to assist applicant. Indicate "not applicable" in both the application and in the exhibit, where appropriate. If information is not available but is necessary to determine the eligibility of the applicant and/or the eligibility of the project (see Eligibility Criteria and Completeness Review section above), Program staff may reject the application as incomplete.

A checklist is furnished as a part of the application. Be sure all exhibits are complete and included with the application. Submit application in a three-ring binder; all exhibits must be tabbed and labeled as identified on the checklist.

APPLICATION SUBMITTAL

The package must include one original, complete application, with exhibits.

Mail the package to:

Department of Housing and Community Development
CalHome Program, Self-Help Housing Technical Assistance Allocation, **390-2**
P. O. Box 952054
Sacramento, CA 94252-2054

or deliver to:

Department of Housing and Community Development
Division of Community Affairs
CalHome Program, Self-Help Housing Technical Assistance Allocation
1800 Third Street, Room 390
Sacramento, CA 95814

FUNDING REVIEW

Applications under this NOFA will be considered on an “over-the-counter” basis and accepted at any time after the issuance of the NOFA and until such time as the Department has received what it determines to be a sufficient number of applications to reasonably use all funds currently available.

In the event there are more applications for funding than funds available, applications that are determined to be eligible and complete will be rated and ranked according to the following criteria:

1. Applications for funds that serve the largest proportion of low-income households shall receive priority

Low-income is defined as 80 percent or less of median income by household size. See Income Limits pursuant to Title 25, §6932, California Code of Regulations. **40 pts**
 2. The extent to which the applicant uses available federal, state and local programs and resources in the project **30 pts**
 3. The applicant’s organizational capacity to carry out the project

The applicant must demonstrate financial soundness and provide evidence that its organization/staff have experience in completing successful self-help construction projects and have the capacity to successfully complete the proposed project according to the costs, plans, specifications and schedules, as represented in the application.

If the applicant is a newly created entity, or new to self-help development, the applicant may be able to enhance its score in this category by joint venturing with an experienced self-help housing non-profit developer, or by contracting for the services of an experienced self-help housing consultant. **30 pts**
 4. The project’s feasibility

This shall include but is not limited to site feasibility, financing feasibility, total project costs, overall project readiness and reasonable assurance that proposed costs are realistic and will provide housing at a monthly cost affordable to low- or moderate-income households. A zero in this category will disqualify the application. **40 pts**
 5. The project’s cost effectiveness in terms of per unit self-help housing fund costs

Project with more than \$15,000 per assisted unit shall receive a zero in this category. **30 pts**
 6. The extent to which project participants use self-help labor **30 pts**
- TOTAL POINTS AVAILABLE: **200 PTS**

RECOMMENDATIONS

Program staff will prepare a report containing a project summary and a recommendation for all proposed projects determined to be eligible. To the extent feasible, eligible applications will be presented to HCD's Local Assistance Loan and Grant Committee meeting following receipt for review and funding recommendation. The applicant is invited to be present at the Committee meeting with program staff to discuss the proposed project. The Committee's funding recommendations will be forwarded to the HCD's Director for the final funding decision.

INFORMATION AND ASSISTANCE

It is strongly recommended that care and prudence be exercised in the planning of proposed projects, selection of development team members and in the preparation of this application and the exhibits. Staff is available to answer questions regarding the program or the completion of the application and exhibits. Please call for assistance at (916) 445-9581 or e-mail Dee Franklin at dfrankli@hcd.ca.gov.

Thank you for your interest in the CalHome Program, Self-Help Housing Technical Assistance Allocation.